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SUBJECT: EXPLORING BRIDGES TO NANJING CIVIL SOCIETY: FEDERATION OF
INDUSTRY AND COMMERCE AND ACADEMY OF SOCIAL SCIENCES

(U) Sensitive but unclassified. Not for dissemination outside
USG channels; not for Internet distribution.

¶1. (SBU) Summary: Initial calls on the Nanjing Federation of
Industry and Commerce and the Nanjing Academy of Social Science
yielded potentially valuable contacts for gauging the extent of
civil society development in Nanjing. Although both bodies are
closely tied to the Communist Party, they act as bridges to the
local private business community and academic circles,
respectively, and could prove useful in our efforts to expand
our own outreach in Nanjing. End summary.

Nanjing Serious about Supporting Private Firms

¶2. (SBU) Nanjing's leadership strongly supports the
development of private industry, Nanjing Federation of Industry
and Commerce Executive Vice Chairman Li Bing stressed to Congen
Shanghai's Nanjing Outreach Office during a March 24
introductory meeting. In particular, the Nanjing Municipal
Government has organized a private economy leading group
(lingdao xiaozu) headed by a vice mayor. In 2008, Nanjing
possessed 115,300 private companies, 210,000 individual
industrial and commercial households which accounted for 1/3 of
the municipality's GDP. Although Nanjing has fewer private
enterprises than neighboring Zhejiang Province - the
jurisdiction generally viewed as the model for private
enterprise development in China - Jiangsu's firms tend to be
better quality and include large conglomerates like the food
processing giant Yurun and the major electronics retailer
Suning.

¶3. (SBU) Li described the role of the Nanjing Federation of
Industry and Commerce as connecting the government and private
economy, and helping the government to regulate companies. The
Federation itself, however, is not a department of the
government but instead represents entrepreneurs' interests.
(Comment: It is important to note, however, that, based on
information available from the Federation's website, a deputy
director of the Nanjing Municipal Party Committee's United Front
Work Department serves as the secretary of the Federation's
internal Communist Party cell and outranks Vice Chairman Li.
End comment.)

¶4. (SBU) According to Li, the recent economic downturn has had
a varying impact on Nanjing's private firms, although overall
the situation in Nanjing is better than in Zhejiang and
Guangzhou provinces. For example, Yurun's food and tourism
business is fine, but investments in real estate have suffered.
Steel producers and companies dependent on foreign trade,

particularly in the textile and machinery industries, have also been hurt. Nevertheless, Li stressed there had so far not been many lay-offs in Nanjing, and only a few small companies have closed. Some companies are still hiring workers, and others, even as business has dried up, are keeping workers on the roles and providing them additional training in order to retain a skilled labor force in anticipation of better times. Firms in heavily polluting industries such as dyeing where, as a matter of policy, bank credit is unavailable face greater difficulties. Li stressed these firms, however, were under pressure even before the onset of the global financial crisis.

15. (SBU) Reviewing the climate for private enterprise in Nanjing, Li said the municipality's policies are similar to those in Zhejiang and Guangzhou. Nanjing's main advantage lies in its rich endowment of human capital arising from the many universities located there. Consequently, Nanjing plans to build a "software city" dominated by private enterprises. In addition, Nanjing enjoys a relatively transparent local government and convenient transportation links as well as an extremely safe security environment.

16. (SBU) In Li's view, China's private firms are experiencing the best time in their history in terms of official protection. Federation members, for example, can send protests about corruption to a complaint office attached to the Municipal Communist Party Discipline Inspection Committee. The local courts have also been discussing with the Federation how to protect member companies' interests during the present economic downturn. The Federation has increased cooperation with the local prosecutors' office and the Municipal Public Security Bureau as well.

SHANGHAI 00000150 002 OF 003

17. (SBU) Li herself, a member of the municipal Political Consultative Commission, has used her position to advocate for the interests of private businesses. She cited the example of her success in winning an exemption for trucks supplying the city's grocers to a Nanjing traffic ordinance banning truck traffic from the city during the day. She added the Federation had organized seminars for member companies with the Municipal Labor and Social Security Bureau to improve understanding of China's new Labor Contract Law. Acknowledging the importance of private firms in generating employment, Li noted the Federation has also aided private firms to secure bank loans.

Social Scientists Stress Social Role of Party-led Orgs

18. (SBU) In a separate March 24 meeting, Nanjing Academy of Social Sciences (NJASS) Vice President Chen Ru outlined NJASS's structure and functions. One of China's few municipal-level social science research institutions, NJASS has 40 full-time staff members including 10 researchers and provides expert policy advice to Nanjing's municipal leadership. It has three research institutes covering social, economic, and cultural and historical development. Each year NJASS produces a "blue book" on Nanjing's social and economic development issued immediately prior to the annual session of the municipal people's congress (usually in January) and sponsors three to five large academic events. These events include the "economic and social development forum" every September and exchange programs with institutions in Beijing and Shanghai along with overseas universities. Research projects at the Academy for 2009 include:
-- transformation of the basis of the Nanjing economy from traditional manufacturing toward high-technology and services, in line with the central government's plans for development of the Yangtze River Delta;
-- improving innovation in science and education, particularly among the over 40 universities located in the municipality;
-- enhancing Nanjing's overall competitiveness;
-- promoting "culturally creative industry", such as Buddhism studies and cultural preservation;
-- maintaining social stability and social security during the economic downturn;

-- and examining labor issues such as medical insurance and worker-management relations.

¶9. (SBU) Asked to comment on the role of nongovernmental organizations in Nanjing society, a researcher from the NJASS Social Development Institute highlighted the role of the traditional "united front" organs such as the Communist Youth League, and the Women's Federation. He observed that Nanjing has organized 7700 (government-affiliated) grass-roots trade unions, covering 1.5 million employees, which focus on employment, training, and collective negotiation for salaries. In addition, the municipality has many industry associations, which are somewhat more independent from the government and help entrepreneurs communicate among themselves and establish industry standards.

¶10. (SBU) Nanjing has exhibited a unique characteristic in its encouragement of volunteerism, the researcher noted. Currently the municipality has half a million registered volunteers, engaged in such activities as poverty alleviation, education, assistance to the disabled and aged, and environment protection. The researcher concluded the functions fulfilled by these volunteer efforts will expand and deepen into the foreseeable future.

Comment

¶11. (SBU) Our goal on this trip was to establish contacts to help us begin to ascertain the extent of civil society development in Nanjing. Both NJASS and the Federation of Industry and Commerce - neither of which have had previous contact with Congen Shanghai -- are, to different degrees, outreach organs of the Nanjing Municipal Communist Party Committee; NJASS focuses on academics while the Federation acts as the leadership's formal bridge to the municipality's growing community of private businessmen. NJASS also undertakes public opinion surveys on behalf of the Nanjing authorities. Though not civil society organizations themselves, they do provide an entry point to influential communities in Nanjing and may be

SHANGHAI 00000150 003 OF 003

valuable partners as we seek to expand our own outreach activities in Nanjing.
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